

Financial Results Release

For the Six Months Ended September 30, 2014

November 7, 2014

[U.S. GAAP]

Name of registrant : Nippon Telegraph and Telephone Corporation ("NTT")
 Code No. : 9432 (URL <http://www.ntt.co.jp/ir/>)
 Stock exchanges on which the Company's shares are listed : Tokyo
 Representative : Hiroo Unoura, President and Chief Executive Officer
 Contact : Yasutake Horinouchi, Head of IR, Finance and Accounting Department / TEL +81-3-6838-5481
 Scheduled filing date of quarterly securities report : November 10, 2014
 Scheduled date of dividend payments : December 8, 2014
 Supplemental material on quarterly results : Yes
 Presentation on quarterly results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Six Months Ended September 30, 2014 (April 1, 2014 - September 30, 2014)

Amounts are rounded off to the nearest million yen.

(1) Consolidated Results of Operations

(Millions of yen)

	Operating Revenues		Operating Income		Income before Income Taxes	Net Income Attributable to NTT
Six months ended September 30, 2014	5,373,668	2.0%	590,924	(9.5)%	592,157 (12.4)%	290,332 (10.3)%
Six months ended September 30, 2013	5,266,070	0.5%	653,027	(1.5)%	675,778 5.1%	323,540 10.3%

Note: Percentages above represent changes from the corresponding period of the previous fiscal year.

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Six months ended September 30, 2014	261.63 (yen)	— (yen)
Six months ended September 30, 2013	277.46 (yen)	— (yen)

Notes: Comprehensive income (loss) attributable to NTT: For the six months ended September 30, 2014: 262,251 million yen (34.2)%

For the six months ended September 30, 2013: 398,644 million yen 26.9%

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Total Equity	NTT Shareholders' Equity	Equity Ratio (Ratio of NTT Shareholders' Equity to Total Assets)	NTT Shareholders' Equity per Share
September 30, 2014	20,068,091	11,121,028	8,686,732	43.3%	7,828.58 (yen)
March 31, 2014	20,284,949	10,924,806	8,511,354	42.0%	7,667.57 (yen)

2. Dividends

	Annual Dividends				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
Year Ended March 31, 2014	-	80.00 (yen)	-	90.00 (yen)	170.00 (yen)
Year Ending March 31, 2015	-	90.00 (yen)	-	-	-
Year Ending March 31, 2015 (Forecasts)	-	-	-	90.00 (yen)	180.00 (yen)

Note: Change in dividend forecasts during the six months ended September 30, 2014: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(Millions of yen)

	Operating Revenues		Operating Income		Income before Income Taxes	Net Income Attributable to NTT	Basic Earnings per Share Attributable to NTT
Year Ending March 31, 2015	11,010,000	0.8%	1,095,000	(9.8)%	1,075,000 (16.9)%	529,000 (9.6)%	479.00 (yen)

Notes: 1. Percentages above represent changes from the previous fiscal year.

2. Change in consolidated financial results forecasts for the fiscal year ending March 31, 2015 during the six months ended September 30, 2014: Yes

***Notes**

- (1) Change in significant consolidated subsidiaries during the six months ended September 30, 2014 that resulted in changes in the scope of consolidation: None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy
 - i. Change due to revision of accounting standards and other regulations: None
 - ii. Other change: None
(For further details, please see “Others” on page 8.)
- (4) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

September 30, 2014	: 1,136,697,235 shares
March 31, 2014	: 1,136,697,235 shares
 - ii. Number of shares of treasury stock:

September 30, 2014	: 27,079,853 shares
March 31, 2014	: 26,650,807 shares
 - iii. Weighted average number of shares outstanding:

For the six months ended September 30, 2014	: 1,109,723,552 shares
For the six months ended September 30, 2013	: 1,166,074,957 shares

* The forecast for “Basic Earnings per Share Attributable to NTT” for the fiscal year ending March 31, 2015 is based on the assumption that NTT will repurchase 51 million shares or 350 billion yen of shares from November 10, 2014 through June 30, 2015, as resolved at the board of directors’ meeting held on November 7, 2014, authorizing repurchases up to these amounts and retain these as treasury stock.

* Presentation on the status of quarterly review process:

This earnings release is not subject to the quarterly review process as required by the Financial Instruments and Exchange Act of Japan. As of the date of issuance of this earnings release, the review process on quarterly financial statements required by the Financial Instruments and Exchange Act is still ongoing.

* Explanation of earnings forecasts and other notes:

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available to NTT and certain assumptions that we regard as reasonable and therefore actual results may differ materially from those contained in or suggested by any forward-looking statements. With regard to the assumptions and other related matters concerning forecasts for the fiscal year ending March 31, 2015, please refer to pages 7 and 22.

On Friday, November 7, 2014, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

1. Qualitative Information

(1) Qualitative Information Relating to Consolidated Business Results

i. Consolidated results

Six-Month Period Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

	(Billions of yen)			
	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change	Percent Change
Operating revenues	5,266.1	5,373.7	107.6	2.0 %
Operating expenses	4,613.0	4,782.7	169.7	3.7 %
Operating income	653.0	590.9	(62.1)	(9.5)%
Income before income taxes and equity in earnings (losses) of affiliated companies	675.8	592.2	(83.6)	(12.4)%
Net income attributable to NTT	323.5	290.3	(33.2)	(10.3)%

During the six months ended September 30, 2014, pursuant to its Medium-Term Management Strategy, adopted in November 2012, entitled “Towards the Next Stage,” NTT worked to expand its global cloud services and to strengthen its network service competitiveness in order to become a “Value Partner” that customers continue to select.

Expansion of Global Cloud Services:

NTT Group worked to expand its provision of global cloud services by taking advantage of its strengths as a corporate group to provide comprehensive cloud services from the information and telecommunications platforms stage, such as data centers and the IP backbone, to the information and communication technology (ICT) management and applications stage.

Specifically, in order to strengthen its ability to provide strategic ICT consulting and expand its presence in the Australian market, NTT Group entered into an agreement with Oakton Limited, one of the leading providers of information management and core business systems solutions in the Australian ICT market, concerning a proposal to acquire all of its shares. In addition, in order to provide comprehensive data center engineering services to the data center market in Singapore and neighboring countries, where it is predicted that ICT services will see significant growth and whose business environment is well-suited to the provision of data backup for business continuity planning, NTT Group reached an agreement with the shareholders of Pro-Matrix Pte Ltd., a data center facility engineering specialist in Singapore that provides integrated services from consultation to installation and maintenance, to acquire a majority stake in the company.

Strengthening Network Service Competitiveness:

In the fixed-line communications field, NTT Group continued to work to increase the number of new subscribers and improve long-term customer retention for its “FLET’S Hikari” services.

In addition, regarding the “Hikari Collaboration Model,” the wholesaling of fiber-optic access services that was announced in May 2014, NTT Group proceeded in its drafting of specific terms of provision and announced, among other things, its available services and basic concept for wholesale service fees and other settings.

In the mobile communications field, “Kake-hodai & Pake-aeru,” a new billing plan tailored to suit a customer’s stage of life that offer more affordable rates to long-term users, exceeded nine million subscriptions. Further, NTT Group also launched devices equipped with call functionality for VoLTE (Voice over LTE) call services, which provide reliable and high-sound quality calls over its “Xi” service network, and emergency power-saving functionality. Additionally, NTT Group also launched sales of the “iPhone 6”^{*1} and “iPhone 6 Plus.”^{*1}

To strengthen the competitiveness of its existing network services, NTT Group endeavored to cut costs in fixed-line and mobile communications services. Specifically, NTT Group has worked to further enhance infrastructure efficiency by introducing high-performance equipment and by making effective use of existing facilities, while cutting the cost of laying optical transmission lines by increasing construction projects that do not require the dispatch of NTT employees and working to further improve the efficiency of its maintenance and operations business.

As a result of these efforts, NTT Group's consolidated operating revenues for the six months ended September 30, 2014 were ¥5,373.7 billion (an increase of 2.0% from the same period of the previous fiscal year), consolidated operating expenses were ¥4,782.7 billion (an increase of 3.7% from the same period of the previous fiscal year), consolidated operating income was ¥590.9 billion (a decrease of 9.5% from the same period of the previous fiscal year), consolidated income before income taxes and equity in earnings (losses) of affiliated companies was ¥592.2 billion (a decrease of 12.4% from the same period of the previous fiscal year), and net income attributable to NTT was ¥290.3 billion (a decrease of 10.3% from the same period of the previous fiscal year).

Note: The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

(*1) TM and © 2014 Apple Inc. All rights reserved. iPhone is a trademark of Apple Inc., registered in the United States and other countries. The iPhone trademark is used under license from AIPHONE CO., LTD.

ii. Segment results

Results by business segment are as follows.

Regional Communications Business Segment

Six-Month Period Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

	(Billions of yen)			
	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change	Percent Change
Operating revenues	1,749.2	1,706.7	(42.4)	(2.4)%
Operating expenses	1,673.5	1,628.9	(44.7)	(2.7)%
Operating income	75.6	77.9	2.2	3.0 %

Operating revenues in the regional communications business segment for the six-month period ended September 30, 2014 decreased 2.4% from the same period of the previous fiscal year to ¥1,706.7 billion due to, among other things, a decrease in fixed voice-related revenues resulting from the decline in fixed-line telephone subscriptions, which was partially offset by an increase in IP/packet communications revenues. On the other hand, operating expenses fell by 2.7% from the same period of the previous fiscal year to ¥1,628.9 billion due to, among other factors, a decrease in personnel expenses and efforts to streamline operating expenses. As a result, segment operating income for the six-month period ended September 30, 2014 increased 3.0% from the same period of the previous fiscal year to ¥77.9 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2014	As of September 30, 2014	Change	Percent Change
FLET'S Hikari ⁽¹⁾	18,050	18,455	405	2.2%
NTT East	10,187	10,347	160	1.6%
NTT West	7,863	8,108	244	3.1%
Hikari Denwa ⁽²⁾	16,256	16,705	450	2.8%
NTT East	8,694	8,884	190	2.2%
NTT West	7,562	7,821	260	3.4%

Notes:

(1) "FLET'S Hikari" includes "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT East and "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West.

(2) The figures for Hikari Denwa indicate the number of channels (in thousands).

Long Distance and International Communications Business Segment

Six-Month Period Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

(Billions of yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change	Percent Change
Operating revenues	863.9	950.0	86.1	10.0 %
Operating expenses	802.4	893.6	91.2	11.4 %
Operating income	61.5	56.4	(5.1)	(8.3)%

Operating revenues in the long distance and international communications business segment for the six-month period ended September 30, 2014 increased 10.0% from the same period of the previous fiscal year to ¥950.0 billion. This increase was due to, among other things, an increase in system integration revenues associated with an increase in the number of overseas consolidated subsidiaries, partially offset by a decrease in domestic fixed voice-related revenues. Operating expenses for the six-month period ended September 30, 2014 increased 11.4% from the same period of the previous fiscal year to ¥893.6 billion due to, among other things, an increase in revenue-linked expenses. As a result, segment operating income for the six-month period ended September 30, 2014 decreased 8.3% from the same period of the previous fiscal year to ¥56.4 billion.

Mobile Communications Business Segment

Six-Month Period Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

(Billions of yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change	Percent Change
Operating revenues	2,199.0	2,173.0	(26.0)	(1.2)%
Operating expenses	1,728.4	1,775.2	46.8	2.7 %
Operating income	470.6	397.8	(72.8)	(15.5)%

Despite an increase in revenues associated with NTT Group's expanding "Smart Life" business, operating revenues for the mobile communications business segment for the six-month period ended September 30, 2014 decreased 1.2% from the same period of the previous fiscal year to ¥2,173.0 billion due to, among other things, a decline in mobile voice-related revenues and other areas resulting from the impact of its "Monthly Support" discount programs and the new "Kake-hodai & Pake-aeru" billing plan. On the other hand, despite the implementation of measures to reduce costs through structural changes, operating expenses for the six-month period ended September 30, 2014 increased 2.7% from the same period of the previous fiscal year to ¥1,775.2 billion due to increases in cost of equipment sold and in revenue-linked expenses. As a result, segment operating income for the six-month period ended September 30, 2014 decreased 15.5% from the same period of the previous fiscal year to ¥397.8 billion.

Number of subscriptions

(Thousands of subscriptions)

	As of March 31, 2014	As of September 30, 2014	Change	Percent Change
Mobile phone services	63,105	64,295	1,190	1.9 %
Xi	21,965	26,215	4,250	19.3 %
FOMA	41,140	38,080	(3,060)	(7.4)%
sp-mode	23,781	25,742	1,960	8.2 %
i-mode	26,415	24,320	(2,095)	(7.9)%

Notes:

(1) Numbers for Mobile phone services subscribers (including Xi and FOMA subscribers) include communication module service subscribers.

(2) Effective March 3, 2008, FOMA services became mandatory for subscription to "2in1" services. Such FOMA service subscriptions to "2in1" services are included in the number of FOMA service subscribers and, as a result, are also included in the number of Mobile phone services subscribers.

Data Communications Business Segment

Six-Month Period Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

(Billions of yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change	Percent Change
Operating revenues	613.9	695.6	81.7	13.3 %
Operating expenses	607.5	668.0	60.6	10.0 %
Operating income	6.4	27.5	21.1	328.3 %

Operating revenues in the data communications business segment for the six-month period ended September 30, 2014 increased 13.3% from the same period of the previous fiscal year to ¥695.6 billion due to, among other things, an increase in the number of overseas consolidated subsidiaries, the cultivation of new customers and an increase in revenues resulting from the expansion of systems for existing customers. On the other hand, operating expenses for the six-month period ended September 30, 2014 rose 10.0% from the same period of the previous fiscal year to ¥668.0 billion due to, among other things, an increase in revenue-linked expenses, despite a reduction in unprofitable transactions. As a result, segment operating income for the six-month period ended September 30, 2014 increased 328.3% from the same period of the previous fiscal year to ¥27.5 billion.

Other Business Segment

Six-Month Period Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

(Billions of yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change	Percent Change
Operating revenues	602.6	595.7	(6.9)	(1.1)%
Operating expenses	572.2	571.3	(0.8)	(0.1)%
Operating income	30.5	24.4	(6.1)	(19.9)%

Operating revenues in the other business segment for the six-month period ended September 30, 2014 decreased 1.1% from the same period of the previous fiscal year to ¥595.7 billion due to, among other things, decreased revenues in the real estate and systems development businesses. On the other hand, operating expenses for the six-month period ended September 30, 2014 decreased 0.1% from the same period of the previous fiscal year to ¥571.3 billion due to, among other things, a decrease in personnel expenses. As a result, segment operating income for the six-month period ended September 30, 2014 decreased 19.9% from the same period of the previous fiscal year to ¥24.4 billion.

(2) Qualitative Information Relating to Consolidated Financial Position

Net cash provided by operating activities for the six-month period ended September 30, 2014 decreased ¥335.2 billion (23.3%) from the same period of the previous fiscal year to ¥1,101.4 billion. This decrease was due to, among other factors, a decrease in operating income and an increase in payments of sales commissions to resellers in addition to the effect of bank holidays.

Net cash used in investing activities decreased ¥60.9 billion (6.0%) from the same period of the previous fiscal year to ¥951.1 billion. This decrease was due to, among other factors, a decrease in capital investments and in payments for the purchase of non-current investments and other such investments.

Net cash used in financing activities decreased ¥161.9 billion (54.2%) from the same period of the previous fiscal year to ¥137.0 billion. This decrease was due to, among other factors, a decrease in stock repurchases.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of September 30, 2014 totaled ¥989.5 billion, an increase of ¥5.0 billion (0.5%) from the end of the previous fiscal year.

	(Billions of yen)			
	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014	Change	Percent Change
Cash flows provided by operating activities	1,436.6	1,101.4	(335.2)	(23.3)%
Cash flows used in investing activities	(1,012.0)	(951.1)	60.9	6.0%
Cash flows used in financing activities	(298.9)	(137.0)	161.9	54.2%

(3) Qualitative Information Relating to Consolidated Results Forecasts

The NTT Group has re-evaluated its manner of service providing, and has been active in launching unprecedented new programs such as NTT DOCOMO's "New Billing Plan" and NTT East and NTT West's "Hikari Collaboration Model" with the objective of becoming a "Value Partner" that our customers continue to select. As a result, NTT Group has revised the forecasts for financial results as follows.

The forecast for NTT Group's operating revenues has been revised downward by ¥190.0 billion from the initial forecast to ¥11,010.0 billion, due to the receipt of applications for NTT DOCOMO's "New Billing Plan" from a larger than expected number of customers and at a faster rate than anticipated, and due to lower than expected revenues due to price reductions on certain devices.

In order to counter a decline in operating revenues, each NTT Group company, and NTT DOCOMO in particular, has accelerated cost cutting as much as possible. Nonetheless, the forecast for NTT Group's operating income has been revised downward by ¥120.0 billion from the initial forecast to ¥1,095.0 billion.

For the assumptions used in the consolidated results forecasts and other related matters, please see page 22.

2. OTHERS

- (1) Change in significant consolidated subsidiaries during the six months ended September 30, 2014 that resulted in changes in the scope of consolidation: None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy: None

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen		
	March 31, 2014	September 30, 2014	Increase (Decrease)
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 984,463	¥ 989,452	¥ 4,989
Short-term investments	38,949	58,331	19,382
Notes and accounts receivable, trade	2,509,030	2,321,186	(187,844)
Allowance for doubtful accounts	(46,893)	(46,139)	754
Accounts receivable, other	345,197	383,553	38,356
Inventories	415,309	382,196	(33,113)
Prepaid expenses and other current assets	394,294	476,437	82,143
Deferred income taxes	220,662	207,353	(13,309)
Total current assets	4,861,011	4,772,369	(88,642)
Property, plant and equipment:			
Telecommunications equipment	12,959,564	12,882,847	(76,717)
Telecommunications service lines	15,408,604	15,512,992	104,388
Buildings and structures	6,060,129	6,073,155	13,026
Machinery, vessels and tools	1,949,903	1,950,869	966
Land	1,238,742	1,239,854	1,112
Construction in progress	359,014	389,604	30,590
	37,975,956	38,049,321	73,365
Accumulated depreciation	(28,136,268)	(28,333,579)	(197,311)
Net property, plant and equipment	9,839,688	9,715,742	(123,946)
Investments and other assets:			
Investments in affiliated companies	521,634	500,804	(20,830)
Marketable securities and other investments	407,766	416,737	8,971
Goodwill	1,086,636	1,090,346	3,710
Software	1,309,912	1,252,321	(57,591)
Other intangible assets	401,194	374,443	(26,751)
Other assets	1,195,608	1,287,270	91,662
Deferred income taxes	661,500	658,059	(3,441)
Total investments and other assets	5,584,250	5,579,980	(4,270)
Total assets	¥ 20,284,949	¥ 20,068,091	¥ (216,858)

	Millions of yen		
	March 31, 2014	September 30, 2014	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	¥ 269,444	¥ 272,649	¥ 3,205
Current portion of long-term debt	425,351	418,537	(6,814)
Accounts payable, trade	1,540,249	1,130,554	(409,695)
Current portion of obligations under capital leases	16,929	17,627	698
Accrued payroll	448,061	418,052	(30,009)
Accrued taxes on income	256,994	175,515	(81,479)
Accrued consumption tax	47,376	100,699	53,323
Advances received	266,743	253,086	(13,657)
Other	405,677	433,698	28,021
Total current liabilities	3,676,824	3,220,417	(456,407)
Long-term liabilities:			
Long-term debt (excluding current portion)	3,483,673	3,504,345	20,672
Obligations under capital leases (excluding current portion)	35,951	35,067	(884)
Liability for employees' retirement benefits	1,327,873	1,352,683	24,810
Accrued liabilities for point programs	130,466	115,273	(15,193)
Deferred income taxes	233,151	215,236	(17,915)
Other	446,293	478,317	32,024
Total long-term liabilities	5,657,407	5,700,921	43,514
Redeemable noncontrolling interests	25,912	25,725	(187)
Equity:			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	—
Additional paid-in capital	2,827,010	2,842,726	15,716
Retained earnings	4,808,361	4,998,635	190,274
Accumulated other comprehensive income (loss)	94,966	66,885	(28,081)
Treasury stock, at cost	(156,933)	(159,464)	(2,531)
Total NTT shareholders' equity	8,511,354	8,686,732	175,378
Noncontrolling interests	2,413,452	2,434,296	20,844
Total equity	10,924,806	11,121,028	196,222
Total liabilities and equity	¥ 20,284,949	¥ 20,068,091	¥ (216,858)

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

SIX-MONTH PERIOD ENDED SEPTEMBER 30

Consolidated Statements of Income

	Millions of yen		
	2013	2014	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥ 794,482	¥ 730,377	¥ (64,105)
Mobile voice related services	535,049	446,459	(88,590)
IP / packet communications services	1,863,808	1,838,370	(25,438)
Sale of telecommunication equipment	442,229	485,325	43,096
System integration	1,029,127	1,229,618	200,491
Other	601,375	643,519	42,144
	5,266,070	5,373,668	107,598
Operating expenses:			
Cost of services (excluding items shown separately below)	1,149,202	1,163,625	14,423
Cost of equipment sold (excluding items shown separately below)	370,696	426,681	55,985
Cost of system integration (excluding items shown separately below)	736,640	865,342	128,702
Depreciation and amortization	919,120	911,104	(8,016)
Impairment loss	162	210	48
Selling, general and administrative expenses	1,434,234	1,415,782	(18,452)
Goodwill and other intangible asset impairments	2,989	-	(2,989)
	4,613,043	4,782,744	169,701
Operating income	653,027	590,924	(62,103)
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(24,757)	(22,586)	2,171
Interest income	8,772	9,126	354
Other, net	38,736	14,693	(24,043)
	22,751	1,233	(21,518)
Income before income taxes and equity in earnings (losses) of affiliated companies	675,778	592,157	(83,621)
Income tax expense (benefit):			
Current	265,863	193,971	(71,892)
Deferred	(7,969)	14,526	22,495
	257,894	208,497	(49,397)
Income before equity in earnings (losses) of affiliated companies	417,884	383,660	(34,224)
Equity in earnings (losses) of affiliated companies	6,114	2,458	(3,656)
Net income	423,998	386,118	(37,880)
Less – Net income attributable to noncontrolling interests	100,458	95,786	(4,672)
Net income attributable to NTT	¥ 323,540	¥ 290,332	¥ (33,208)
Per share of common stock:			
Weighted average number of shares outstanding (Shares)	1,166,074,957	1,109,723,552	
Net income attributable to NTT (Yen)	¥ 277.46	¥ 261.63	

Consolidated Statements of Comprehensive Income

	Millions of yen		
	2013	2014	Increase (Decrease)
Net income	¥ 423,998	¥ 386,118	¥ (37,880)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	17,177	9,466	(7,711)
Unrealized gain (loss) on derivative instruments	(3,469)	(289)	3,180
Foreign currency translation adjustments	70,840	(35,115)	(105,955)
Pension liability adjustments	6,028	(1,095)	(7,123)
Total other comprehensive income (loss)	90,576	(27,033)	(117,609)
Total comprehensive income (loss)	514,574	359,085	(155,489)
Less – Comprehensive income attributable to noncontrolling interests	115,930	96,834	(19,096)
Total comprehensive income (loss) attributable to NTT	¥ 398,644	¥ 262,251	¥ (136,393)

THREE-MONTH PERIOD ENDED SEPTEMBER 30

Consolidated Statements of Income

	Millions of yen		
	2013	2014	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥ 403,510	¥ 362,864	¥ (40,646)
Mobile voice related services	263,798	220,183	(43,615)
IP / packet communications services	923,301	916,087	(7,214)
Sale of telecommunication equipment	210,613	258,015	47,402
System integration	541,788	642,231	100,443
Other	313,943	334,071	20,128
	2,656,953	2,733,451	76,498
Operating expenses:			
Cost of services	592,558	604,170	11,612
(excluding items shown separately below)			
Cost of equipment sold	172,612	228,130	55,518
(excluding items shown separately below)			
Cost of system integration	400,039	452,204	52,165
(excluding items shown separately below)			
Depreciation and amortization	462,626	448,554	(14,072)
Impairment loss	80	67	(13)
Selling, general and administrative expenses	722,012	707,381	(14,631)
Goodwill and other intangible asset impairments	2,925	-	(2,925)
	2,352,852	2,440,506	87,654
Operating income	304,101	292,945	(11,156)
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(12,409)	(10,870)	1,539
Interest income	4,411	4,608	197
Other, net	23,591	(568)	(24,159)
	15,593	(6,830)	(22,423)
Income before income taxes and equity in earnings (losses) of affiliated companies	319,694	286,115	(33,579)
Income tax expense (benefit):			
Current	145,956	95,559	(50,397)
Deferred	(25,994)	4,172	30,166
	119,962	99,731	(20,231)
Income before equity in earnings (losses) of affiliated companies	199,732	186,384	(13,348)
Equity in earnings (losses) of affiliated companies	2,654	3,819	1,165
Net income	202,386	190,203	(12,183)
Less – Net income attributable to noncontrolling interests	45,563	48,836	3,273
Net income attributable to NTT	¥ 156,823	¥ 141,367	¥ (15,456)
Per share of common stock:			
Weighted average number of shares outstanding (Shares)	1,152,310,900	1,109,622,168	
Net income attributable to NTT (Yen)	¥ 136.09	¥ 127.40	

Consolidated Statements of Comprehensive Income

	Millions of yen		
	2013	2014	Increase (Decrease)
Net income	¥ 202,386	¥ 190,203	¥ (12,183)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	6,509	5,752	(757)
Unrealized gain (loss) on derivative instruments	316	(2,144)	(2,460)
Foreign currency translation adjustments	16,105	(4,440)	(20,545)
Pension liability adjustments	3,049	(107)	(3,156)
Total other comprehensive income (loss)	25,979	(939)	(26,918)
Total comprehensive income (loss)	228,365	189,264	(39,101)
Less – Comprehensive income attributable to noncontrolling interests	50,577	52,266	1,689
Total comprehensive income (loss) attributable to NTT	¥ 177,788	¥ 136,998	¥ (40,790)

(3) Consolidated Statements of Cash Flows

SIX-MONTH PERIOD ENDED SEPTEMBER 30

	Millions of yen		
	2013	2014	Increase (Decrease)
Cash flows from operating activities:			
Net income	¥ 423,998	¥ 386,118	¥ (37,880)
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	919,120	911,104	(8,016)
Impairment loss	162	210	48
Deferred taxes	(7,969)	14,526	22,495
Goodwill and other intangible asset impairments	2,989	-	(2,989)
Losses on disposal of property, plant and equipment	37,477	41,643	4,166
Equity in (earnings) losses of affiliated companies	(6,114)	(2,458)	3,656
(Increase) decrease in notes and accounts receivable, trade	386,937	173,326	(213,611)
(Increase) decrease in inventories	(31,476)	10,570	42,046
(Increase) decrease in other current assets	(94,214)	(130,223)	(36,009)
Increase (decrease) in accounts payable, trade and accrued payroll	(251,502)	(280,450)	(28,948)
Increase (decrease) in accrued consumption tax	(10,033)	53,511	63,544
Increase (decrease) in advances received	3,890	(11,751)	(15,641)
Increase (decrease) in accrued taxes on income	8,233	(80,963)	(89,196)
Increase (decrease) in other current liabilities	15,166	12,190	(2,976)
Increase (decrease) in liability for employees' retirement benefits	42,372	24,218	(18,154)
Increase (decrease) in other long-term liabilities	11,059	12,067	1,008
Other	(13,468)	(32,256)	(18,788)
Net cash provided by operating activities	¥ 1,436,627	¥ 1,101,382	¥ (335,245)

	Millions of yen		
	2013	2014	Increase (Decrease)
Cash flows from investing activities:			
Payments for property, plant and equipment	¥ (750,327)	¥ (728,862)	¥ 21,465
Payments for intangibles	(193,307)	(170,172)	23,135
Proceeds from sale of property, plant and equipment	20,281	16,352	(3,929)
Payments for purchase of non-current investments	(34,098)	(7,770)	26,328
Proceeds from sale and redemption of non-current investments	11,289	14,877	3,588
Acquisitions of subsidiaries, net of cash acquired	(35,063)	(21,064)	13,999
Payments for purchase of short-term investments	(44,544)	(45,408)	(864)
Proceeds from redemption of short-term investments	42,675	27,089	(15,586)
Other	(28,948)	(36,191)	(7,243)
Net cash used in investing activities	(1,012,042)	(951,149)	60,893
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	275,549	314,962	39,413
Payments for settlement of long-term debt	(350,292)	(300,456)	49,836
Proceeds from issuance of short-term debt	3,373,100	3,215,770	(157,330)
Payments for settlement of short-term debt	(3,222,508)	(3,214,599)	7,909
Dividends paid	(94,830)	(99,904)	(5,074)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(223,308)	(130)	223,178
Acquisition of treasury stock by subsidiaries	(5,058)	(8,598)	(3,540)
Other	(51,550)	(44,045)	7,505
Net cash used in financing activities	(298,897)	(137,000)	161,897
Effect of exchange rate changes on cash and cash equivalents	10,922	(8,244)	(19,166)
Net increase (decrease) in cash and cash equivalents	136,610	4,989	(131,621)
Cash and cash equivalents at beginning of period	961,433	984,463	23,030
Cash and cash equivalents at end of period	¥ 1,098,043	¥ 989,452	¥ (108,591)
Cash paid during the period for:			
Interest	¥ 25,453	¥ 23,155	¥ (2,298)
Income taxes, net	¥ 258,719	¥ 320,667	¥ 61,948

(4) Going Concern Assumption

None

(5) Business Segments

SIX-MONTH PERIOD ENDED SEPTEMBER 30

1. Operating revenues (Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)
Regional communications business			
External customers	1,538,409	1,482,234	(56,175)
Intersegment	210,743	224,478	13,735
Total	1,749,152	1,706,712	(42,440)
Long distance and international communications business			
External customers	815,481	908,300	92,819
Intersegment	48,418	41,685	(6,733)
Total	863,899	949,985	86,086
Mobile communications business			
External customers	2,179,057	2,153,457	(25,600)
Intersegment	19,914	19,519	(395)
Total	2,198,971	2,172,976	(25,995)
Data communications business			
External customers	555,065	645,410	90,345
Intersegment	58,822	50,164	(8,658)
Total	613,887	695,574	81,687
Other business			
External customers	178,058	184,267	6,209
Intersegment	424,575	411,462	(13,113)
Total	602,633	595,729	(6,904)
Elimination	(762,472)	(747,308)	15,164
Consolidated total	5,266,070	5,373,668	107,598

2. Segment profit (Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)
Segment profit			
Regional communications business	75,617	77,857	2,240
Long distance and international communications business	61,485	56,393	(5,092)
Mobile communications business	470,620	397,797	(72,823)
Data communications business	6,431	27,543	21,112
Other business	30,455	24,383	(6,072)
Total segment profit	644,608	583,973	(60,635)
Elimination	8,419	6,951	(1,468)
Consolidated total	653,027	590,924	(62,103)

THREE-MONTH PERIOD ENDED SEPTEMBER 30**1. Operating revenues**

(Millions of yen)

	Three months ended September 30, 2013	Three months ended September 30, 2014	Increase (Decrease)
Regional communications business			
External customers	775,193	748,234	(26,959)
Intersegment	107,180	114,826	7,646
Total	882,373	863,060	(19,313)
Long distance and international communications business			
External customers	423,610	464,318	40,708
Intersegment	24,290	20,791	(3,499)
Total	447,900	485,109	37,209
Mobile communications business			
External customers	1,075,186	1,087,642	12,456
Intersegment	10,212	10,032	(180)
Total	1,085,398	1,097,674	12,276
Data communications business			
External customers	286,047	334,610	48,563
Intersegment	34,560	25,086	(9,474)
Total	320,607	359,696	39,089
Other business			
External customers	96,917	98,647	1,730
Intersegment	216,138	209,874	(6,264)
Total	313,055	308,521	(4,534)
Elimination	(392,380)	(380,609)	11,771
Consolidated total	2,656,953	2,733,451	76,498

2. Segment profit

(Millions of yen)

	Three months ended September 30, 2013	Three months ended September 30, 2014	Increase (Decrease)
Segment profit			
Regional communications business	32,337	37,412	5,075
Long distance and international communications business	27,182	29,958	2,776
Mobile communications business	223,977	189,189	(34,788)
Data communications business	(656)	19,361	20,017
Other business	16,711	13,862	(2,849)
Total segment profit	299,551	289,782	(9,769)
Elimination	4,550	3,163	(1,387)
Consolidated total	304,101	292,945	(11,156)

(6) NTT Shareholders' Equity

1. Dividends

Cash dividends paid

Resolution	The shareholders' meeting on June 26, 2014
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥ 99,904 million
Cash dividends per share	¥ 90
Record date	March 31, 2014
Date of payment	June 27, 2014

Cash dividends declared

Resolution	The Board of Directors' meeting on November 7, 2014
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends declared	¥ 99,866 million
Cash dividends per share	¥ 90
Record date	September 30, 2014
Date of payment	December 8, 2014

2. Treasury stock

On May 13, 2014, the board of directors of NTT resolved that NTT may acquire up to 44 million shares of its outstanding common stock for an amount in total not exceeding ¥ 250 billion from July 1, 2014 through March 31, 2015.

On November 7, 2014, the board of directors revised its resolution above and resolved that NTT may acquire up to 51 million shares of its outstanding common stock for an amount in total not exceeding ¥350 billion from November 10, 2014 through June 30, 2015.

(7) Subsequent events

NTT DOCOMO has announced its decision, adopted at its board of directors' meeting held on October 31, 2014 to repurchase up to 138,469,879 shares of its outstanding common stock for an amount in total not exceeding ¥192,306 million from November 1, 2014 through March 31, 2015.

For information on NTT's resolution with respect to stock repurchases, see note 6.

4. (Reference)

NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) Non-Consolidated Balance Sheets

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	March 31, 2014	September 30, 2014
ASSETS		
Current assets:		
Cash and bank deposits	10,308	12,127
Accounts receivable, trade	2,695	527
Supplies	220	256
Subsidiary deposits	2,340	221,049
Other	365,577	355,630
Total current assets	381,143	589,592
Fixed assets:		
Property, plant and equipment	166,062	161,007
Intangible fixed assets	37,520	29,279
Investments and other assets		
Investments in subsidiaries and affiliated companies	5,094,091	5,095,527
Long-term loans receivable to subsidiaries	1,579,922	1,422,022
Other	43,355	41,344
Total investments and other assets	6,717,369	6,558,894
Total fixed assets	6,920,952	6,749,180
TOTAL ASSETS	7,302,096	7,338,773

Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.
2. The above non-consolidated quarterly financial statements are prepared based on the “Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements.”

(Reference)

	Millions of yen	
	March 31, 2014	September 30, 2014
LIABILITIES		
Current liabilities:		
Accounts payable, trade	249	15
Current portion of corporate bonds	139,998	149,990
Current portion of long-term borrowings	138,150	56,950
Short-term borrowings	150,000	-
Accrued taxes on income	13,077	1,010
Deposit received from subsidiaries	82,698	63,973
Other	62,999	24,631
Total current liabilities	587,173	296,572
Long-term liabilities:		
Corporate bonds	1,006,277	856,317
Long-term borrowings	1,104,380	1,207,480
Long-term borrowings from subsidiaries	240,000	240,000
Liability for employees' retirement benefits	32,773	30,336
Asset retirement obligations	1,390	1,371
Other	1,096	3,388
Total long-term liabilities	2,385,918	2,338,893
TOTAL LIABILITIES	2,973,091	2,635,465
NET ASSETS		
Shareholders' equity:		
Common stock	937,950	937,950
Capital surplus	2,672,826	2,672,826
Earned surplus	873,705	1,252,168
Treasury stock	(156,932)	(159,464)
Total shareholders' equity	4,327,549	4,703,479
Unrealized gains (losses), translation adjustments, and others:		
Net unrealized gains (losses) on securities	1,455	(172)
Total unrealized gains (losses), translation adjustments, and others	1,455	(172)
TOTAL NET ASSETS	4,329,004	4,703,307
TOTAL LIABILITIES AND NET ASSETS	7,302,096	7,338,773

Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.
2. The above non-consolidated quarterly financial statements are prepared based on the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

(Reference)

(2) Non-Consolidated Statements of Income

SIX-MONTH PERIOD ENDED SEPTEMBER 30

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2013	2014
Operating revenues	264,571	254,245
Operating expenses	66,628	63,941
Operating income	197,943	190,304
Non-operating revenues:		
Interest income	10,914	9,716
Lease and rental income	5,671	5,321
Miscellaneous income	845	599
Total non-operating revenues	17,431	15,636
Non-operating expenses:		
Interest expenses	7,639	7,263
Corporate bond interest expenses	7,872	7,334
Miscellaneous expenses	6,033	3,430
Total non-operating expenses	21,544	18,028
Recurring profit	193,829	187,913
Special profits	-	299,280
Income before income taxes	193,829	487,193
Income taxes	615	11,192
Net income	193,213	476,000

(Reference) Major components of operating revenues

Dividends received	195,031	188,086
Revenues from group management	9,250	9,252
Revenues from basic R&D	57,249	53,249

Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.
2. The above non-consolidated quarterly financial statements are prepared based on the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

(Reference)

(3) Non-Consolidated Statements of Cash Flows

SIX-MONTH PERIOD ENDED SEPTEMBER 30

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2013	2014
Cash flows from operating activities:		
Income before income taxes	193,829	487,193
Depreciation and amortization	19,200	17,899
Losses on disposal of property, plant and equipment	221	94
Dividends received	(195,031)	(188,086)
Gains on sales of investments in subsidiaries	-	(299,487)
Increase (decrease) in liability for employees' retirement benefits	311	(2,437)
(Increase) decrease in accounts receivable	11,124	22,353
Increase (decrease) in accounts payable and accrued expenses	(5,444)	(2,915)
Increase (decrease) in accrued consumption tax	132	1,570
(Increase) decrease in other current assets	(26,873)	(13)
Increase (decrease) in deposit received from subsidiaries	(9,068)	(18,724)
Other	5,665	8,141
Sub-total	(5,932)	25,589
Interest and dividends received	206,701	198,052
Interest paid	(16,137)	(14,661)
Income taxes received (paid)	(9,012)	(62,810)
Net cash provided by operating activities	175,619	146,170
Cash flows from investing activities:		
Payments for property, plant and equipment	(12,821)	(9,379)
Payments for purchase of investment securities	(25,624)	(1,765)
Proceeds from sale of investment securities	-	301,283
Payments for long-term loans	(100,000)	-
Proceeds from long-term loans receivable	149,900	209,100
Other	(3,030)	(86)
Net cash provided by investing activities	8,424	499,152
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	99,950	111,000
Payments for settlement of long-term debt	(149,900)	(229,100)
Net increase (decrease) in short-term borrowings	150,000	(184,003)
Payments for settlement of lease obligations	(21)	(21)
Dividends paid	(94,829)	(99,904)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(223,308)	(130)
Net cash used in financing activities	(218,109)	(402,159)
Effect of exchange rate changes on cash and cash equivalents	80	0
Net increase (decrease) in cash and cash equivalents	(33,985)	243,163
Cash and cash equivalents at beginning of period	123,856	15,023
Cash and cash equivalents at end of period	89,870	258,186

Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.
2. The above non-consolidated quarterly financial statements are prepared based on the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

[Note]

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.

NTT's Shares and Shareholders (as of September 30, 2014)**1. Classification of Shareholders**

Details	NTT's Shares and Shareholders (1 unit = 100 shares)								Shares Representing Less Than One Unit
	Government and Public Bodies	Financial Institutions	Securities Firms	Other Domestic Corporations	Foreign Corporations, etc.		Domestic Individuals, etc.	Total	
					Non-Individuals	Individuals			
Total Holders	4	243	66	6,293	1,238	834	775,455	784,133	--
Total Shares (Units)	4,052,308	1,708,641	147,252	147,239	3,165,155	5,029	2,126,066	11,351,690	1,528,235
%	35.70	15.05	1.30	1.30	27.88	0.04	18.73	100.00	--

- Notes: (1) "Domestic Individuals, etc." includes 270,801 units of treasury stock, and "Shares Representing Less Than One Unit" includes 53 shares of treasury stock. 27,080,153 shares of treasury stock are recorded in the shareholders' register; the actual number of treasury stock shares at the end of September 30, 2014 was 27,079,853.
- (2) "Other Domestic Corporations" includes 151 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 72 shares under the name of the Japan Securities Depository Center.
- (3) The number of shareholders who only own shares representing less than one unit is 185,786.

2. Classification by Number of Shares

Details	NTT's Shares and Shareholders (1 unit = 100 shares)								Shares Representing Less Than One Unit
	At Least 1,000 Units	At Least 500 Units	At Least 100 Units	At Least 50 Units	At Least 10 Units	At Least 5 Units	At Least 1 Unit	Total	
Number of Holders	394	171	799	895	21,452	50,284	710,138	784,133	--
%	0.05	0.02	0.10	0.11	2.74	6.41	90.56	100.00	--
Total Shares (Units)	9,283,759	116,189	166,815	58,347	329,239	305,166	1,092,175	11,351,690	1,528,235
%	81.78	1.02	1.47	0.51	2.90	2.69	9.62	100.00	--

- Notes: (1) "At Least 1,000 Units" includes 270,801 units of treasury stock, and "Shares Representing Less Than One Unit" includes 53 shares of treasury stock.
- (2) "At Least 100 Units" includes 151 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 72 shares under the name of the Japan Securities Depository Center.

3. Principal Shareholders

Name	Share Holdings (in thousands of shares)	Percentage of Total Shares Issued (%)
The Minister of Finance	405,220	35.65
Japan Trustee Services Bank, Ltd. (Trust Account)	40,099	3.53
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,705	2.79
Moxley and Co LLC	18,073	1.59
State Street Bank and Trust Company	10,677	0.94
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	9,256	0.81
NTT Employee Share-Holding Association	9,164	0.81
JP Morgan Chase Bank 385632	8,404	0.74
State Street Bank and Trust Company 505225	8,219	0.72
Japan Trustee Services Bank, Ltd. (Trust Account 1)	8,179	0.72
Total	549,000	48.30

Note: The Company's holdings of treasury stock (27,079,853 shares) are not included in the above table.